

Economic Analysis Update

ERA

Market Analysis Overview Grantville Stakeholders Committee

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Market Analysis Overview - Introduction

- It is common practice for economists to use past measures as general predictors of future performance.
- ERA will rely on SANDAG to provide ranges for future growth in the region.
- In the context of long-term planning, short-term market cycles (e.g. the current recession) have less relevance given a buildout horizon stretching to 2030 and beyond. It is entirely likely that the market may go through one or more of these downturns during the planning horizon.
- There are many key issues that exist in the region that will have a significant impact on future land use development in the Grantville Redevelopment Area A.

Market Analysis Overview – Historic County Growth

➤ Population Growth in the County

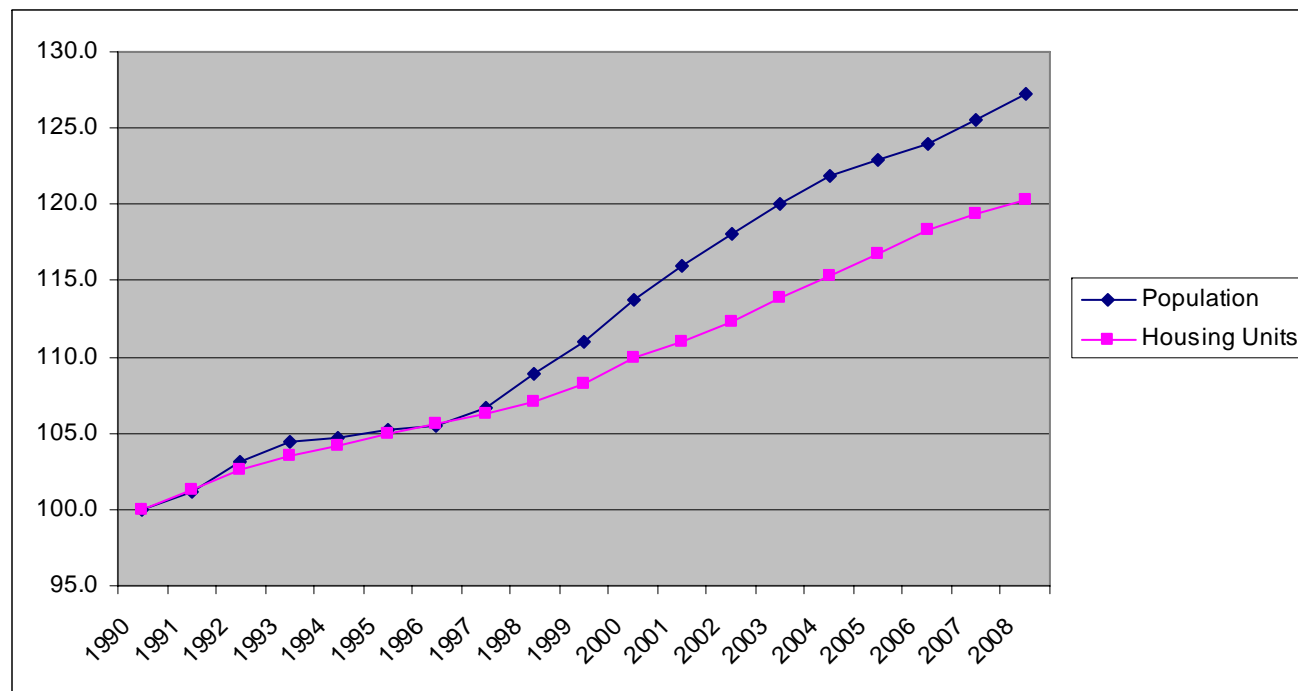
➤ 1990 – 2008:

- Increase of 650,000
- Approximate growth of 1.3 percent a year

➤ Housing Growth in the County

➤ 1990 – 2008:

- Increase of 190,000
- Approximate growth of 1.0 percent a year



Source: California Department of Finance

Market Analysis Overview – Historic City Growth

➤ Population Growth in the City

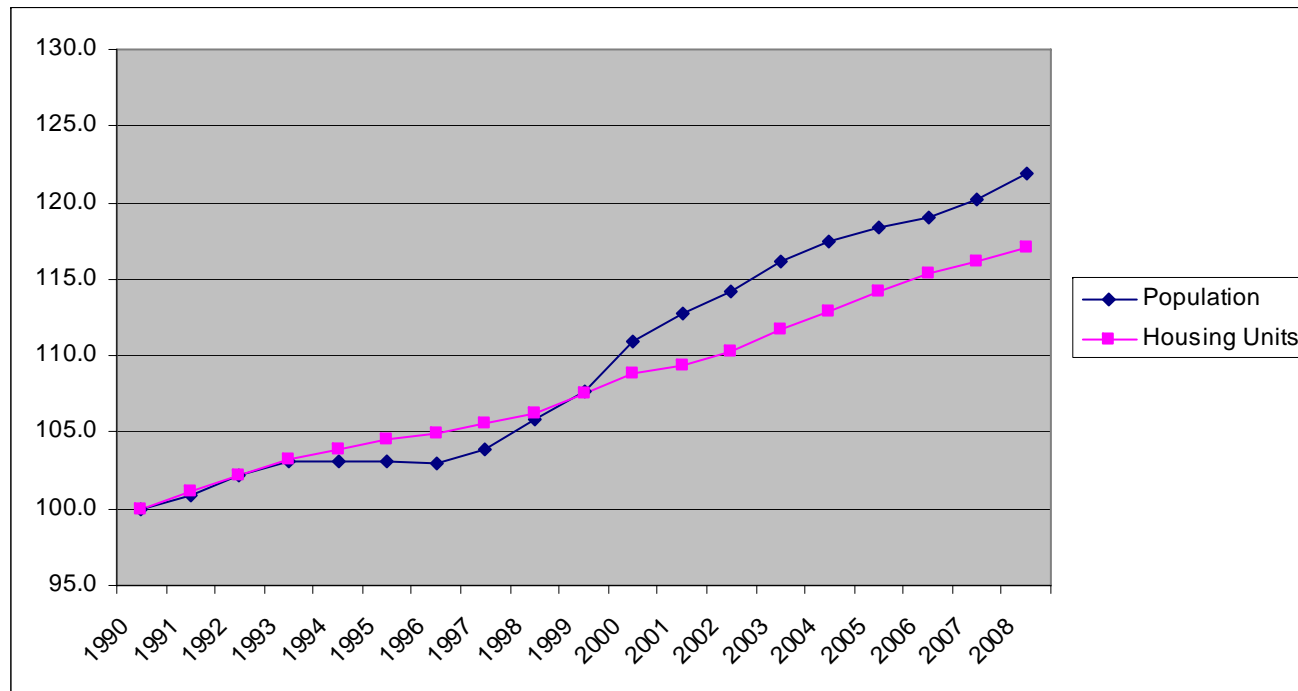
➤ 1990 – 2008:

- Increase of 230,000
- Approximate growth of 1.1 percent a year

➤ Housing Growth in the City

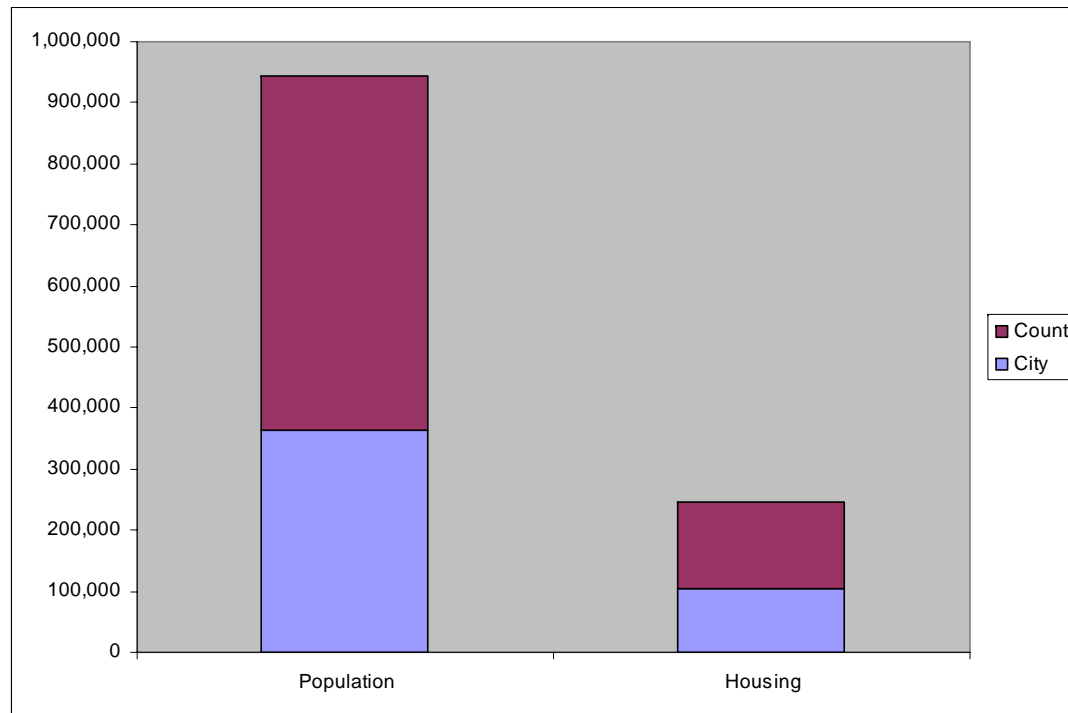
➤ 1990 – 2008:

- Increase of 74,000
- Approximate growth of 0.9 percent a year



Source: California Department of Finance

Market Analysis Overview – Projected Growth

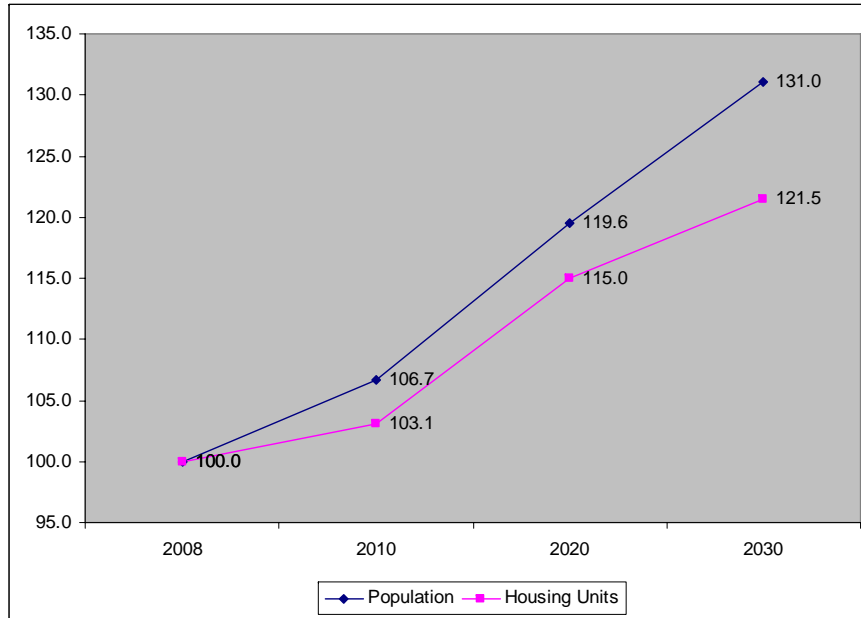


➤ 2008 – 2030:

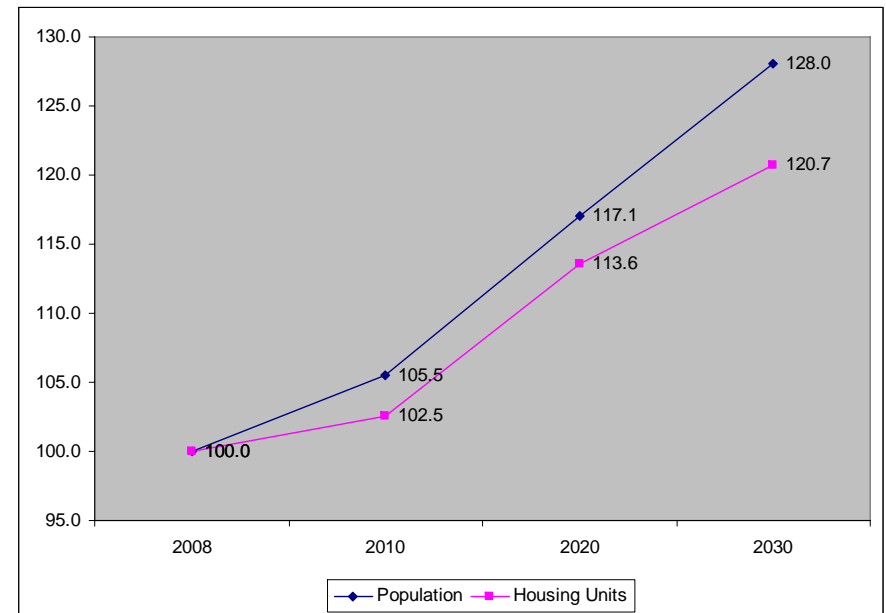
- Increase of over 900,000 in population with 36 percent being added to the City (36 percent from 1990 – 2008)
- Increase of over 245,000 in housing units with 43 percent being added to the City (38 percent from 1990 – 2008)

Market Analysis Overview – Future Growth

County Growth to 2030



City Growth to 2030

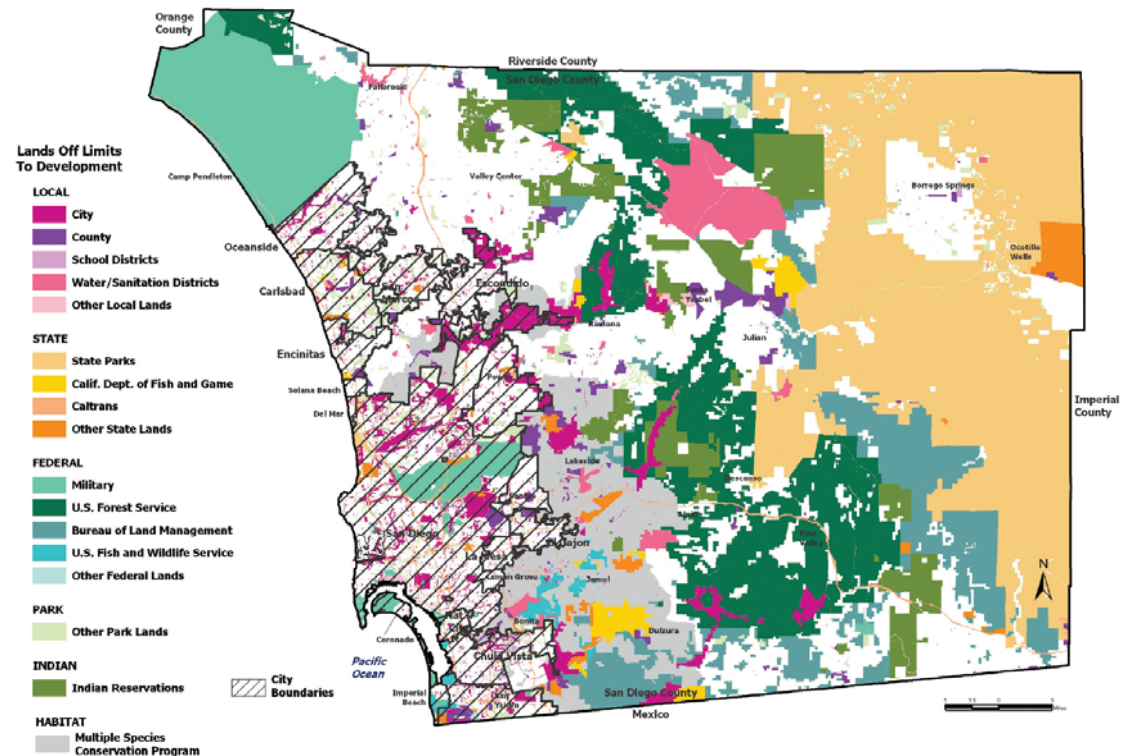


Source: SANDAG

Market Analysis Overview – Regional Housing Issues

- Why hasn't the housing kept up with the increases in population?
 - Scarcity of land
 - 84.5% of residents lives in the County's 18 cities, which is 16% of the physical expanse
 - 2/3 of land is off-limits to development
 - Regulations in California (CEQA, others make CA one of the most regulated in the US)
 - Fiscalization of land use (Prop 13)
 - County faces problems:

- Not enough housing
- Shortage of land
- Strong employment growth

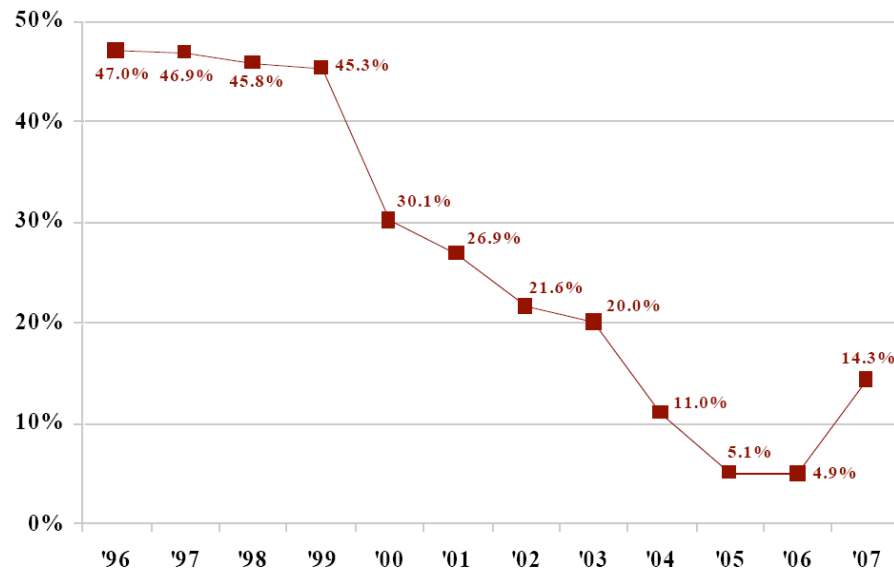


Source: Housing San Diego (SD Regional Econ. Dev. Corp.)

Market Analysis Overview – Limited Housing Supply

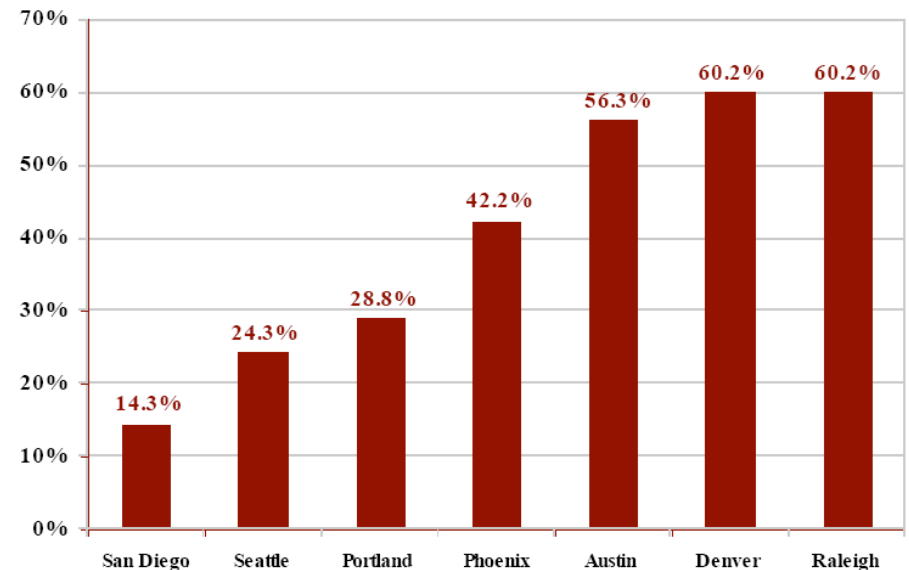
- What are the consequences?
 - High cost of housing (affordability)
 - Traffic (longer commutes)
 - Jobs
 - Competitiveness with other regions
 - Jobs-to-housing ratio

Percentage of Households Able to Afford a Median-Priced Home (1996 -2007)



Source: National Association of Home Builders

Percentage of Households Able to Afford a Median-Priced Home in Competitive Cities (2007)



Source: National Association of Home Builders

Source: Housing San Diego (SD Regional Econ. Dev. Corp.)

Market Analysis Overview – Methodology Overview

- Define Market Areas, Growth Projections, Changes in Demographics
- Real Estate Demand Analysis
- Demand Estimates
- Evaluate Land Use Alternatives (Charrette)

Market Analysis Overview – Market Areas, Demographics, & Projections

City

ZIP Code

Grantville Area A - Overview Map



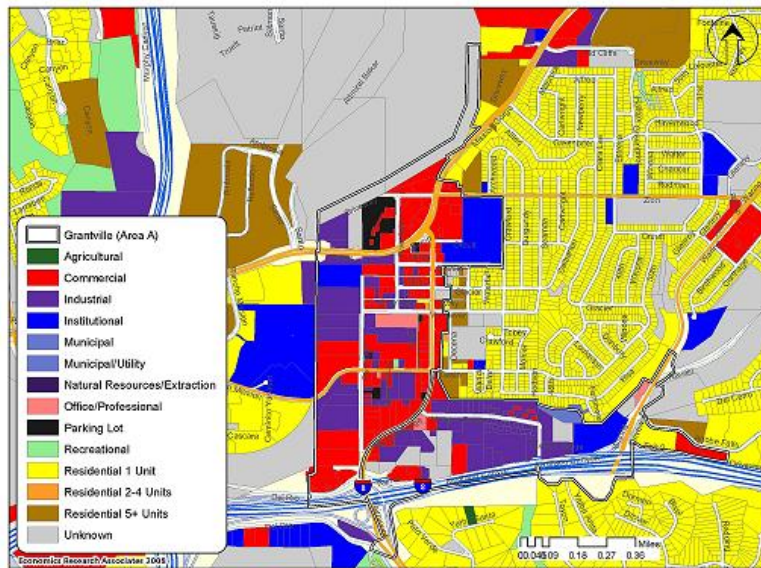
- Current and Projected Population
- Current and Projected Employment
- Population Characteristics
 - Age
 - Education
 - Race & Ethnicity
 - Household Formation
 - Dwelling Unit Characteristics
 - Incomes

CPA

County

Market Analysis Overview – Real Estate Analysis

Grantville Parcel Map



*** Current Land Inventory**
Land Use Mix - low intensity uses
Opportunities for Redevelopment

Residential

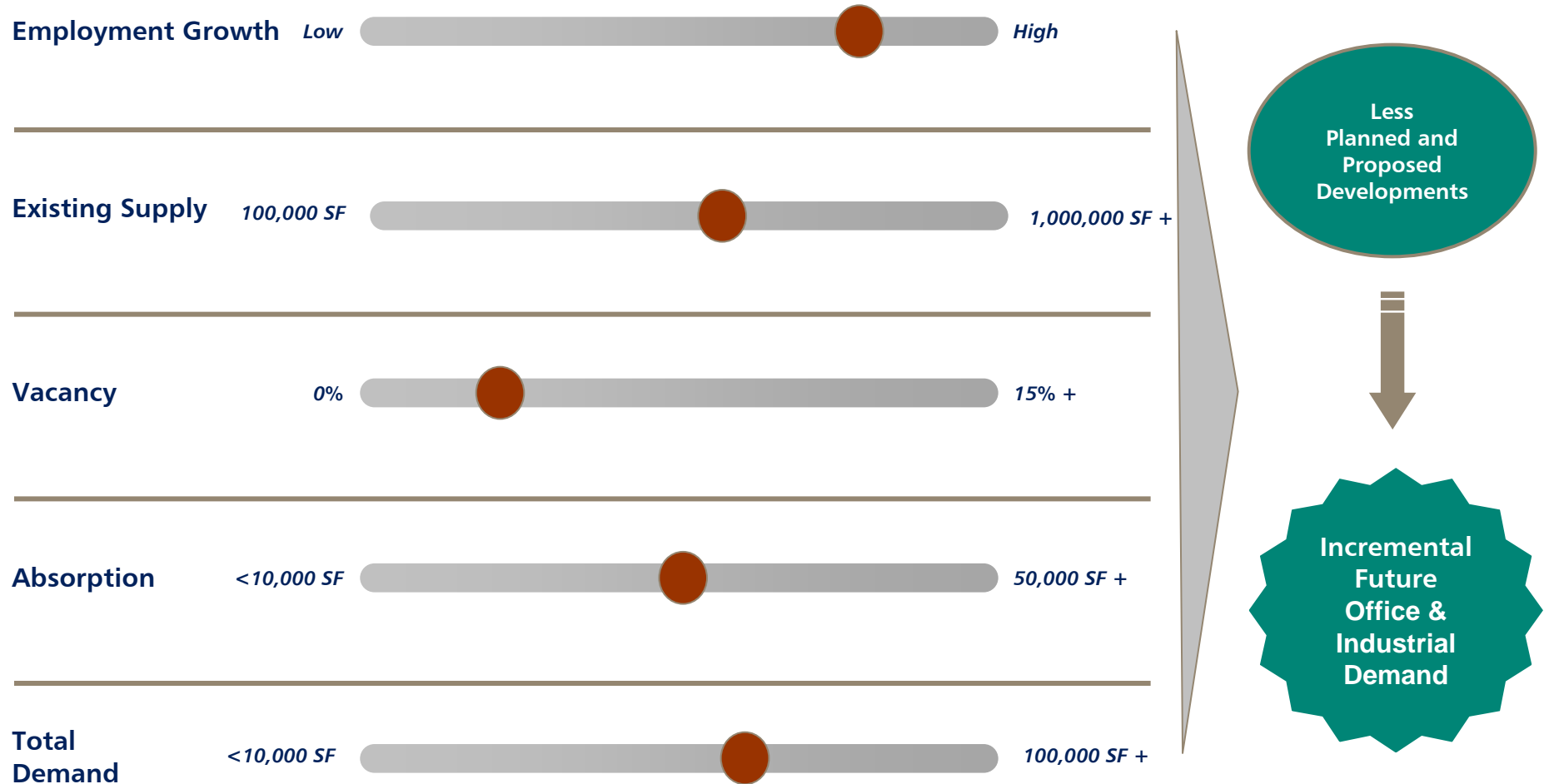
Retail

- Current Inventory
- Vacancy and Absorption Trends
- Rents and Price Points
- Land Values and Cap Rates
- Planned/Proposed Development
- Development Capacity*

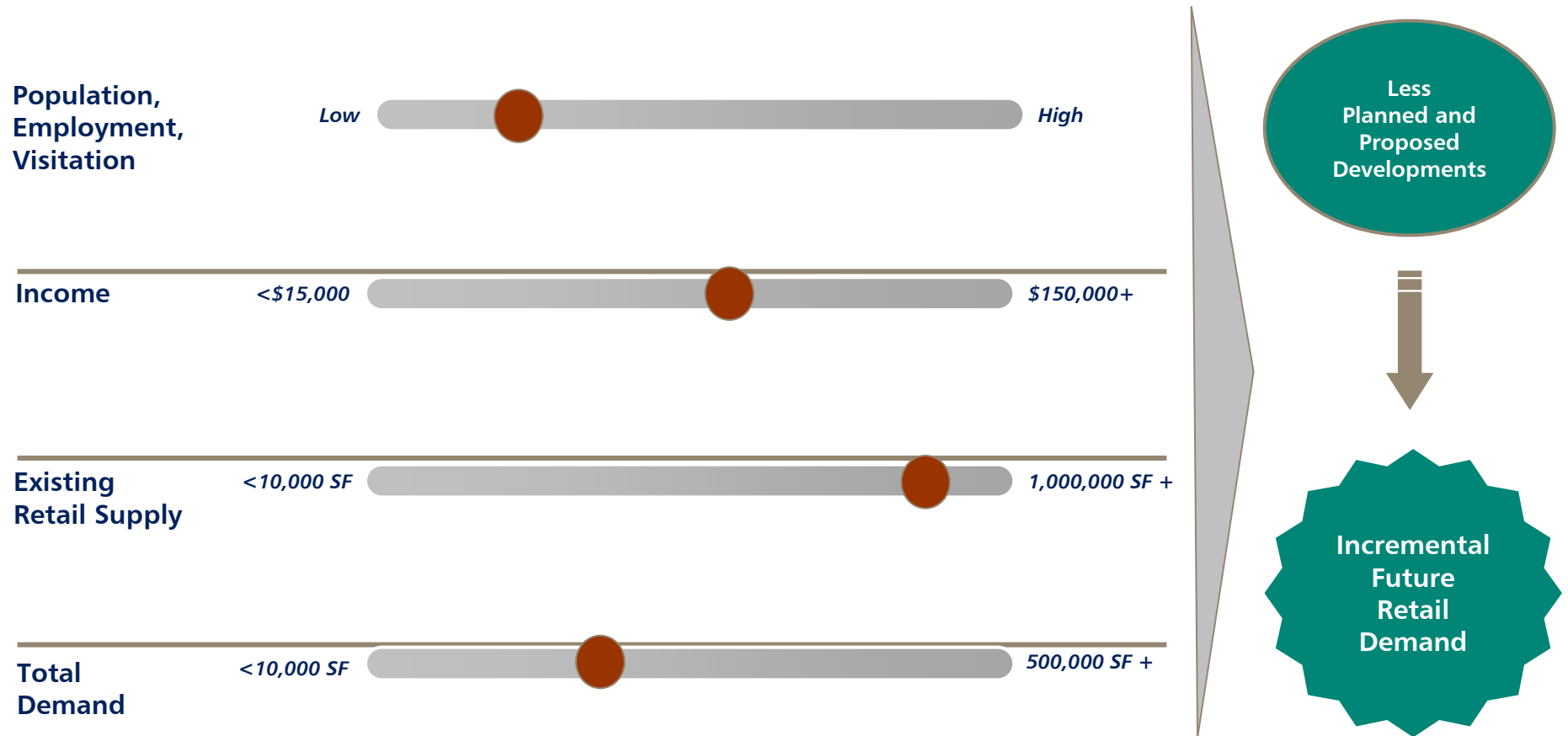
Office

Industrial

Market Analysis Overview – Illustrative Office and Industrial Demand



Market Analysis Overview – Illustrative Retail Demand



Market Analysis Overview – Illustrative Residential Demand



1 Total Households

Household Projections

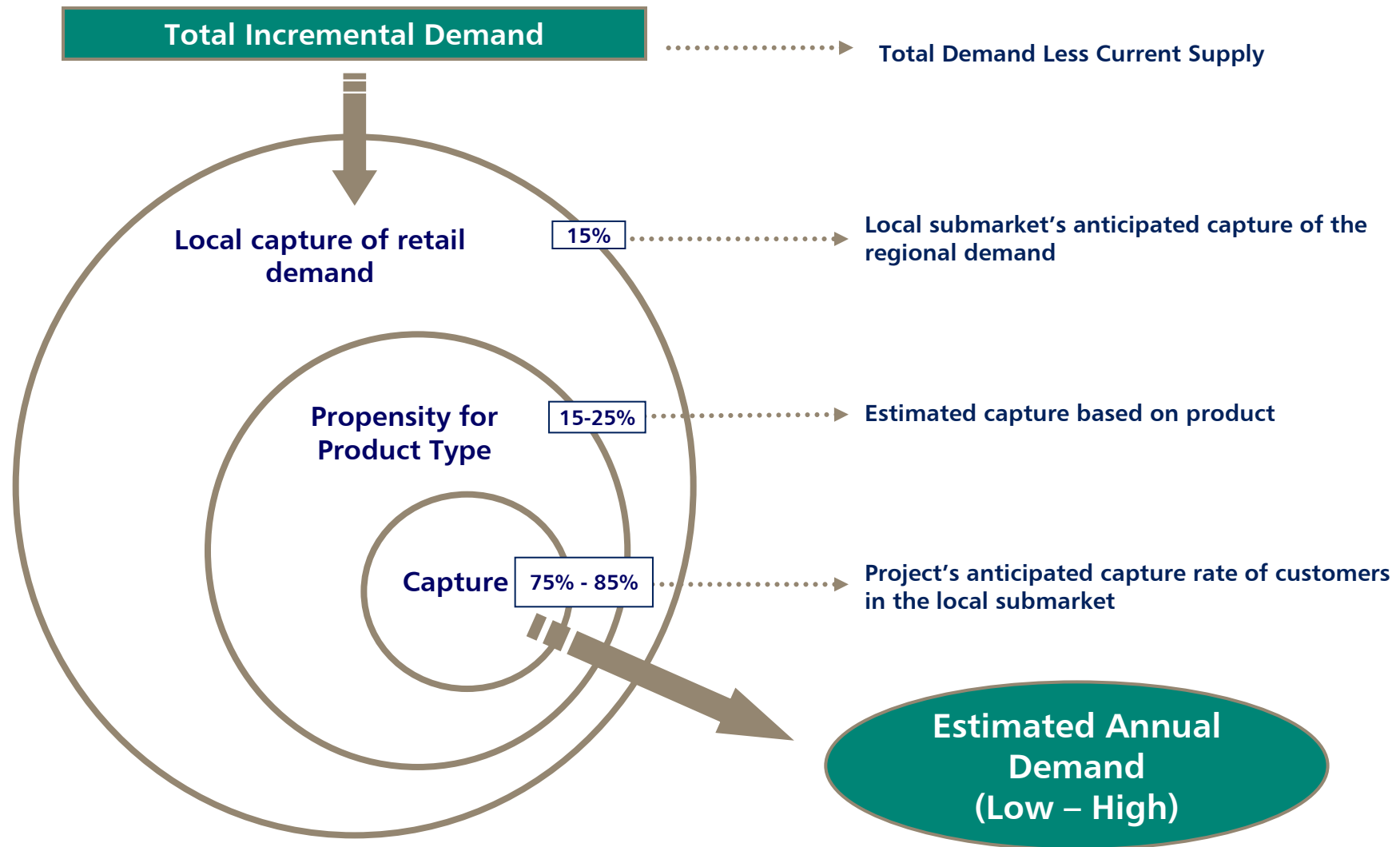
2 Household Characteristics Filters

Total Households filtered by select criteria to determine total annual target households

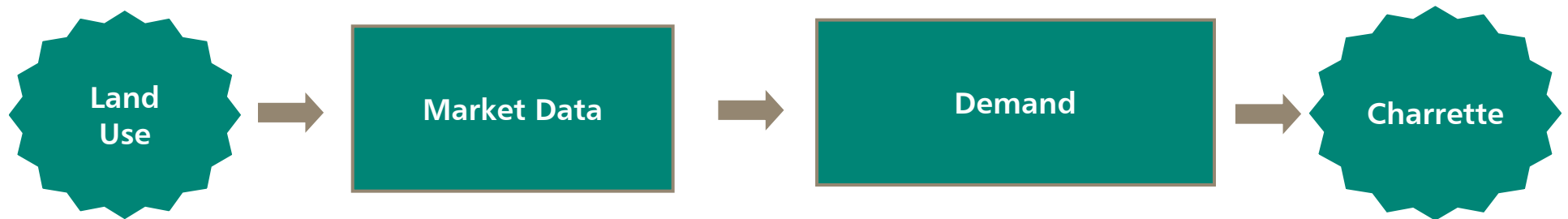
3 Market & Product Refinement

Estimated annual project demand estimated based on a capture rate, propensity for the product type, and a reasonable project capture

Market Analysis Overview – Illustrative Capture of Projected Demand



Market Analysis Overview – ERA Steps to the Charrette (January 29th – 31st, 2009)



ERA Presentation Contact Information



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